

Message Text

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PAGE 01 MANILA 10191 011038Z

ACTION EA-09

INFO OCT-01 ISO-00 SSO-00 EB-07 TRSE-00 FRB-03 AS-01

EAE-00 /021 W

-----021634 011045Z /12

O 011011Z JUL 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 1858

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E.O. 11652: N/A

TAGS: EVIN, RP

SUBJECT: PROPOSED RESPONSE TO MEELON BANK

1. THERE FOLLOW TEXTS: (A) OF TELEX TO CHARGE STULL RECEIVED JULY 1 FROM MELLON BANK CHAIRMAN HIGGINS CONCERNING MISTAKEN TRANSFER BY MELLON OF \$1 MILLION TO PHILIPPINE BENEFICIARY WHO HAS REFUSED TO RETURN MONEY, AND (B) OF PORPOSED REPLY WHICH DEPARTMENT MAY WISH TO PASS ALONG TO HIGGINS PRIOR TO JULY 4 WEEKEND. ALSO, SEE SEPTTEL FOR BACKGROUND AND PRESENT STATUS OF THIS EXTRAORDINARY CASE.

QUOTE: I HAD NOT EXPECTED TO BE IN TOUCH WITH YOU SO SOON AFTER OUR PLEASANT VISIT IN MANILA EARLIER THIS MONTH, AND PARTICULARLY NOT CONCERNING A MATTER OF THIS CHARACTER.

THIS TELEX REFERS TO A MISTAKEN TRANSFER BY US OF ONE MILLION DOLARS TO A PHILIPPINE BENEFICIARY WHO HAS REFUSED TO RETURN THE MONEY. THE DETAILS OF THIS SITUATION HAVE BEEN FURNISHED TO YOU AND JOHN MELLOR OF YOUR EMBASSY BY OUR MANILA REPRESENTATIVE, ROBERT L.FANSLER. GOVERNOR LICAROS AND DEPUTY GOVERNORS OF THE CENTRAL BANK HAVE BEEN INFORMED OF THE DETAILS, AS HAS SECRETARY VIRATA. ADDITIONALLY, I HAVE SENT A TELEX TO PRESIDENT MARCOS, A COPY OF WHICH WILL BE FURNISHED TO YOU BY FANSLER, AND I PERSONALLY HAVE VISITED A GOVERNOR OF THE FEDERAL RESERVE BOARD IN WASHINGTON

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TO APPRISE THE BOARD OF THIS SITUATION AND TO REQUEST WHATEVER ASSISTANCE LIES WITHIN THEIR PROVINCE.

I WOULD NOW ASK IF YOU PERSONALLY COULD OBTAIN AN AUDIENCE WITH PRESIDENT MARCOS TO REINFORCE OUR REQUEST THAT HE EXHORT THE APPROPRIATE OFFICIALS OF HIS GOVERNMENT TO PRESS FOR A REDRESS OF AN OBVIOUS ACT OF WRONGDOING WHICH, IF NOT CORRECTED, COULD SERIOUSLY IMPAIR MELLON BANK'S

FUTURE DEALINGS IN THE PHILIPPINES.

I WOULD BE GRATEFUL TO YOU FOR YOUR URGENT ATTENTION TO THIS MATTER, AND WOULD APPRECIATE A REPLY AT YOUR EARLIEST CONVENIENCE. UNQUOTE

2. QUOTE I VERY MUCH REGRET LEARNING FROM YOU AND YOUR MANILA REPRESENTATIVE OF EXTRAORDINARY REFUSAL OF PHILIPPINE BENEFICIARY TO RETURN MISTAKEN TRANSFER. I IMMEDIATELY CONTACTED SECRETARY VIRATA, WHO ASSURED ME THEY WOULD LIKE TO HELP AND PROMISED TO GET IN TOUCH WITH YOUR LOCAL COUNSEL. WE ALSO HAVE BEEN URGENTLY SEEKING TO REACH GOVERNOR LICAROS FURTHER TO REINFORCE YOUR SIGNALS AND TO OBTAIN APPRAISAL CONCERNING NEXT STEPS AND PROSPECTS. WE, OF COURSE, ALSO HAVE TALKED SEVERAL TIMES WITH BOB FANSLER AND WE MET TODAY WITH HIM AND LOCAL MELLON COUNSEL.

YOUR PEOPLE HERE SEEM RELUCTANT TO TAKE MATTER TO COURT AT THIS JUNCTURE AND APPEAR TO BE RELYING HEAVILY UPON MORAL SUASION AND PERSONAL PRESSURE. I NOTE ALSO THAT YOU HAVE SENT TELEX TO PRESENT MARCOS, AND THAT YOU HAVE APPEALED TO FEDERAL RESERVE WALLICH, WHO IN TURN HAS CONTACTED VIRATA.

WE, OF COURSE, WILL CONTINUE INQUIRIES AND CONSULTATIONS AS INDICATED ABOVE. MEANWHILE WE HAVE SOME RESERVATIONS ABOUT EFFICACY AND APPROPRIATENESS AT THIS STAGE OF ALL OUT LAST RESORT MEASURE SUGGESTED YOUR MESSAGE.

I ASSURE YOU WE WILL FOLLOW THIS MATTER CLOSELY AND LIMITED OFFICIAL USE

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WILL CONTINUE TO COOPERATE WITH YOUR REPRESENTATIVE AND COUNSEL ON STRATEGY AND TACTICS FOR ACHIEVING WHATEVER MAY BE POSSIBLE HERE. UNQUOTE.
STULL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLAIMS, BANKS, BANK ACCOUNTS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA10191
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770235-0321
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770798/aaaadhlz.tel
Line Count: 98
Litigation Code IDs:
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Litigation History:
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Message ID: 65e47f72-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1985418
Secure: OPEN
Status: NATIVE
Subject: PROPOSED RESPONSE TO MEELLON BANK
TAGS: EFIN, RP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/65e47f72-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009